

WILTSHIRE COUNCIL

WILTSHIRE LOCAL PENSION BOARD
18 August 2022

PENSIONER PAYROLL DATABASE RECONCILIATION PROJECT UPDATE

Purpose of the Report

1. The purpose of this report is to provide a further update on the detailed, and ongoing reconciliation project between the pension administration system (Altair) and pensioner payroll system (SAP).

Background

2. This paper provides an update on the progress of this ongoing project.

Current situation

3. The current situation of the rectification project is as follows, for the greater than £5 per month cases in scope:

Membership type	Stage 1: GMP reconciliation with HMRC records	Stage 2: Altair consistency between initial and current pension values	Stage 3/4: Cross comparison between Altair/SAP at an initial individual record level review & Peer Review
Pensioners	Complete	40 cases remain	841
Dependants	Complete	107	118
Totals	Complete	147	959

4. The following notes provide some additional context to the numbers stated above:

a). Only cases where the initial analysis suggested a payment discrepancy of £5 per month or more are currently included in the above analysis. A recommended approach for the under £5 cases was agreed at the last meeting. This has not been actioned yet officers are seeking to reduce down stage 2 cases first to limit the risk of error.

b). As per the last Committee meeting it was decided that remaining stage 3/4 cases will be passed to a third party administrator to free up the strain on internal resources (with the exception of a small number of started but not completed cases).

Commentary on progress and the overall situation

5. After the Committee meeting on 5 April 2022, officers carried out a comparison between Altair and SAP for the entire payroll. As part of this process, it was identified that there were significantly more differences than expected between the two systems. In the table above, there are now **53 additional cases at stage 2, and 361 additional cases at stages 3/4**. Given the seriousness and high priority of the project and the ongoing worsening of the position that has been reported, the Head of Wiltshire Pension Fund escalated the issue to the Fund's Treasurer, who has commissioned an urgent internal audit review from SWAP. The scope of this review is to:

- Look at the underlying reason as to why the position keeps moving and deteriorating from previously reported
 - Reviewing the governance and controls on the oversight of the project
 - To make recommendations on what controls should be put in place moving forward to ensure completion of the project with sound oversight. Particular consideration being given to what controls and assurance need to be developed to stop errors occurring once the Fund moves towards an integrated payroll.
6. The review is being finalised and is expected to report back in August.
7. Information on the full picture of the scale and magnitude of the differences between the two systems is covered in the KFC report sent to Committee on 28 July. At the current time, 72% of records have a difference between the two systems (over a threshold of 10p p.a.). It is important to note that these do not all represent an actual incorrect payment, but nevertheless are an administrative problem for the Fund and need to be corrected before moving to an integrated payroll. The vast majority of the differences are low value. The overall magnitude of the difference is around £90k per month (gross value of all unders and overs), representing around 1.25% of the total payroll. The variances can be categorised as follows:
- Difference of <£5pm – 11,097 records (90%)
 - Difference of £5-50pm – 1,017 records (8%)
 - Difference of >£50pm – 266 records (2%)

Observations for the Board

8. Officers have now introduced a full monthly reconciliation between the Altair and SAP to act as a key control to ensure no new cases arise and ensure that the overall gaps between Altair and SAP are being closed. This reconciliation started in April 2022.
9. In relation to the stage 3 and 4 cases, the tender documentation has been drafted and it is anticipated that it will be released in August with work commencing in autumn time (depending the availability of successful provider).
10. The corrections to the under £5 per month cases (on Altair or SAP) is also planned to take place in the Autumn.

Environmental Impact

11. There is no environmental impact from this report.

Financial Considerations

12. There are no new financial considerations related to this update paper.

Risk Assessment

13. There are no new risks related to this paper.

Legal Implications

14. There are no new legal implications related to this paper.

Safeguarding Considerations/Public Health Implications/Equalities Impact

15. There are no implications at this time.

Proposals

16. Board is asked to note this update and is invited to make any comments or recommendations that it has in relation to this piece of work.

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